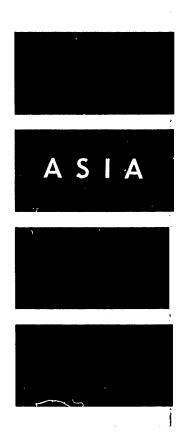
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JPRS L/8498 6 June 1979

TRANSLATIONS ON JAPAN (FOUO 18/79)



# U. S. JOINT PUBLICATIONS RESEARCH SERVICE

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JPRS L/8,498
6 June 1979

# TRANSLATIONS ON JAPAN

(FOUO 18/79)

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POLITICAL AND SOCIOLOGICAL

JAPANESE SELF DEFENSE FORCES STAND AT TURNING POINT

Tokyo NIHON KEIZAI SHIMBUN in Japanese 27 Apr 79 p 2

[Editorial: "Jopan's Defense Environment at Turning Point"]

[Text] From the standpoint of long range prospects extending over the 1980's Japan's defense posture is coming to a turning point. The earnest build-up of Soviet naval and air power in Asia goes on while the United States has given up the role of "the world's policeman" and United States military strength in Asia has been relatively declining since the American withdrawal from Vietnam. Understanding of the United States-Japan security treaty and of maintaining a defensive capability is growing little by little in Japan and, at the same time, the "Pax Americana" (peace based on American military power) which has lasted more than 30 years since World War II is beginning to fade; e.g., in some quarters people are casting doubt on the United States ability to carry out its defense commitments.

As indicated in a United States' Defense Report for 1980, the Soviet Union has for the past 15 years or more continued to build its military strength at a far faster pace than has the United States. As a result, even though superiority in the military balance between east and west is said to be still on the western side the difference between the two is clearly becoming less. It can now be said that "the United States has been placed in a critically dangerous balance of military power with the Soviet Union" (Report on the United States Military Situation for 1980).

For the past 10 years, the Soviet Union has been working to build up its naval and air power in the Far East. The supersonic strategic Backfire bomber will be deployed in the Far East shortly and the aircraft carrier Minsk which carries vertical take-off and landing aircraft is sailing for Vladivostok. With the outbreak of the Sino-Vietnamese war, Soviet warships and long range reconnaissance aircraft have from time to time come and gone from Vietnam. Even if, as the Vietnamese Government says, the Soviets have not been permanently based in Vietnam, Soviet naval and air force ability to act in Asia has become much stronger. The introduction of armor into Soviet Far Eastern ground forces is also proceeding steadily. Build up of bases on our Northern Territories, the islands of Kunasjiri and Etorofu, directly opposite Hokkaido, has continued since last autumn.

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It would not, of course, be good policy to over-react to a situation of this kind. However, according to international military common sense which defines a threat as something which combines intent with capability, it is only natural for Japanese to become nervous at the conspicuous expansion of Soviet capability. We cannot, even for an instant, slacken our energy in gradually forming a national consensus by coolly considering how to maintain peace and national independence from a long range point of view. In this sense, we would like to take note of the addresses Prime Minister Ohira made at the Defense Academy's graduation ceremony (28 March) and the High Ranking Self-Defense Force Officers' meeting (23 April). In his address at the Self-Defense Academy's graduation ceremony, the prime minister listed three items in connection with the framework of his pet theory, the integrated security concept. They were (1) provision of a moderate, high quality self defense capability and faithful operation of the United States-Japanese Security Treaty to complement this capability, (2) energetic development of a general internal political situation which centers on democratic parliamentary politics, and (3) increasing positive diplomatic initiative which will contribute to development of the world's economy in a peaceful international environment. In particular, the prime minister gave priority to providing a defense capability as "the key to integrated security."

In the general election for president of the LDP last autumn, the prime minister sold his image as a dove by boldly advocating the abstract theory of integrated security. In doing this he may have been thinking about Mr Yasuhiro Nakasone and former Prime Minister Fukuda who had shown a positive attitude toward emergency legislation. In this speech, however, while he did premise his statement on "not trying to ask for needlessly excessive military strength" he said plainly that we "will provide a defense capability which can truly be a deterrent force".

On the other hand, despite the fact that the leaders of both the Japanese and United States governments mention the importance of the security treaty at every opportunity, it is significant that in some quarters on the Japanese side fundamental doubts have recently begun to crop up regarding whether or not the treaty will function in a timely and appropriate manner in an emergency. In the extreme, there is a weakening of confidence to the point of saying, "In its current military situation the United States probably does not have the capability to come to Japan's defense."

The basic United States policy on maintaining conventional fighting strength is to adopt a posture capable of dealing with one large war and one small war at the same time (the one and one half strategy).

In the United States' judgment, the most probable battlefields are Europe and the Middle East. Should a war in Europe and the Middle East spread to the Far East, the United States would have, theoretically, no corresponding capability. This fact itself has been common knowledge for several years; but, as a recent example, in the process of putting together "The Guidelines for Japanese-American Cooperation in Defense" in last year's meeting of the Subcommittee on Japanese-American Cooperation in Defense, when views

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were exchanged on different types of aggression there was a case in which the United States could not propose the introduction of ground forces. In addition, immediately after the Iranian revolution, there were even reports of a concept of breaking off part of the United States Seventh Fleet whose area of defense is the Western Pacific and forming a Fifth Fleet in the Indian Ocean. Furthermore, the criticism of Japan for its "free ride" which is led by United States congressmen and economists in which has lately grown even stronger, has had the reverse effect of eroding of idence on the part of the Japanese side in the United States' defense commitments.

For this kind of mutual mistrust and misunderstanding to go an building up in this way will itself weaken the deterrent power of the treaty and is not at all a desirable situation for either side. On 22 March, a study team on the Pacific for the United States Senate Armed Services Committee which had been making an on-site survey of the East Asian area wince January released its report (represented by Senator Nunn). It indicated that it is necessary for the United States to quickly work out a firm security policy and, at the same time, for Japan to more seriously take up the matter of its own defense. This can be called a timely proposal.

Specifically, the report recommended a policy of suspending the withdrawal of United States ground forces from Korea and recommended drafting a Japanese American Joint Defense Plan. In addition, the report showed a flexible attitude of not quibbling about a total defense outlay of less than one percent of the GNP if the content of Japan's defense expenditures responded to United States requests.

When we consider Japan's defense at this turning point, what is it that Japan is able to do at this time? One of the main things Japan can do is to move forward with standardization of equipment and provision of a self-defense force which would be mutually complementary with United States military strength. The government has already decided to introduce the next generation mainline fighter, the F15, and the P3C antisubmarine patrol plane and if only the questions of doubt about introduction of the aircraft can be resolved, the frozen budget relative to the E2C early warning aircraft should naturally be released. Furthermore, it would probably be worthwhile to study the idea of storing a complete line of equipment and ammunition in Japan in peacetime for the use of American troops expected to come to Japan's aid, on the same level that this is done in NATO, in order to facilitate assistance by American forces. In the past year or so, within the framework of the status of forces agreement Japan has actually assumed part of the United States' burden of the costs of United States bases in Japan but some sort of measures should be devised for this matter in the future as well.

Furthermore, it goes without saying that as part of integrated security diplomatic strength is important for the stability of the Asian region. After demonstrating an attitude of doing what can be done in the areas of defense and diplomacy, Japan must ask the United States specifically how it will carry out its responsibilities for the defense of Japan. It is not permissable for Japan which is poor in oil and other resources, to sit idle.

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POLITICAL AND SOCIOLOGICAL

TWO TOP JSP MEMBERS VULNERABLE IF HOUSE DISSOLVED

Tokyo MAINICHI DAILY NEWS in English 25 Apr 79 p 4

[Text]

One of the conspicuous results of the unified local elections was the slump of the Japan Socialist Party. Accordingly, the Liberal-Democratic Party has started thinking that if the House of Representatives is dissolved and a general election held under these cir-cumstances, it will be possible to push down the JSP further. It is certain the JSP is facing difficulties.

Drawing particular attention are the positions of JSP Chairman Ichio Asukata and Secretary General Shinnen Tagaya.

Chairman Asukata does not have a Diet seat at the present time. He is expected to run in the next general election, from Tokyo's first electoral district.

This electoral district has three seats. In the last general election, the three winners were Yoshikata Aso, independent, and two LDP members, Kaoru Yosano and Yuji Itsuka. The fourth runner-up was a Komeito. candidate, the fifth JSP, and sixth JCP.

Among them, Aso resigned as a Diet member in order to run in the recent Tokyo gubernatorial election. He stated: "If I'm unable to obtain one million voted, I'll quit being a politician."

In the Tokyo gubernatórial election, 911,000 votes were cast for Aso. This was less than his goal, Thereupon Aso remarked almost tearfully, "since I did not get one million votes, I'll retire from the political world as promised."

## Changes Tune

Recently, however, he has started changing his tune. He is saying "the voting rate was" lower than expected, and so the votes for me fell below one million—if the voting rate had been better, I would have secured over one million." Also, "my supporters say I shouldn't retire after getting as many

votes as I did."

It is obvious Aso has begun to think about running in the next general election from Tokyo's This will be a blow to the Japan Tokyo's first electoral district have always been small.

strong foundation here. Since Tagaya, who ranked lowest last the JCP lost in the previous time, is likely to be placed in a election, it will be making allout efforts this time to recover the seat it once possessed.

Under such circumstances, Asukata's conditions will be the most unfavorable among the candidates.

## The Newcomer

JSP Secretary General Tagaya was elected from Fukuoka's second electoral district. Five seats are the quota here. The present distribution is LDP 1, Komeito and DSP each 1, and JSP 2.

In the previous election, Tagaya received the smallest number of votes among those elected. Scheduled to become a candidate here in the next general election is a newcomer, Turo Aso. He is a grandson of onetime Prime Minister Shigeru Yoshida. His father, Tagakichi Aso, also served as a Diet member.

Young Aso has been president first electoral district again. of the Junior Chamber of Commerce, and, in this district, Socialist Party. The "basic he is known as coming from a votes" the JSP can count on in so-called "distinguished family."

The LDP only has Asao Besides, Asukata is an "imported candidate."

Mihara as a Dist member from ported candidate." this electoral' district at Besides the two LDP in- present, but if young Aso runs in cumbents, the Komeito has a the next general election, JSP's most difficult position.

Because of such a situation, Secretary General Tagaya is

already worrying about the party executives' campaigning activities in local regions in the next general election. He is saying to Masashi Ishibashi, former JSP secretary general: "If there is a general election, I would like to have you take over the nationwide campaigning. Both Chairman Asukata and I will have our hands full in our own constituencies. I won't be able to stay away from my own electoral district in order to assist other candidates."

Ishibashi is said to have rejected this proposal, saying, "it is common sense for a party chairman and secretary general to stand in the an in campaigning nationwide. That is something I cannot do."

is something I cannot do."

Ishibashi was elected from the Nagasaki second electoral district. There are four seats there, held at present by LDP 3 and JSP 1. But since Ishibashi was elected with the highest number of votes, he is not worried about his own chances. The same held true for former Chairman Tomomi Narita (who died recently).

## Cause For Worry

Not so with the present chairman and secretary general of the Japan Socialist Party. Both have cause to worry about their election chances. Strangely enough, both are threatened by candidates named "Aso."

The reason for the JSP's slump in the recent unified local elections lies in a decline of JSP's energy on the whole. Moreover, the cause of this decline of energy might be "a chairman and secretary general who are weak in a general election."

If the two are defeated by "the two Asos," the Japan Socialist Party is bound to fall into great confusion.

(The writer is an adviser to The Mainichi Newspapers and former chief editorial writer).

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CSO: 4120

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POLITICAL AND SOCIOLOGICAL

JSF LOSS OF MONOLITHIC SOHYO SUPPORT COULD AID JCP

Tokyo MAINICHI DAILY NEWS in English 9 May 79 p 4

[Nagatacho Doings column by Takehiko Takahashi: "Changing Sohyo and Japan Socialist Party"]

[Text]

The Japan Socialist Party is finding itself in a difficult position. Its defeat in the recent unified local elections was conspicuous. In the 'gubernatorial elections held from last year, JSP's loss of the governorship in Kyoto and Okinawa was followed by defeat in Tokyo. Because it joined the Liberal-Democratic Party, Komeito and Democratic Farty in Osaka, the JSP was barely able to emerge as a government party there.

The results of the elections for local assemblymen show that the number of JSP prefectural assemblymen decreased by 43, general municipal assemblymen by 49 and town/village assemblymen by 47. As an exception, the JSP increased the number of its assemblymen in special municipalities by 3.

In the lineup of Tokyo's ward assemblymen, the LDP now has 498 seats, Komeito 179 and Japan Communist Party 156. The JSP stands in fourth place with 107.

## Poor Showing

After the poor showing made in the gubernatorial elections, JSP Chairman Ichio Asukata declared, "The problem lies in the combination of political parties. If the Japan Socialist Party strengthens its leadership, the Komeito and Democratic Socialist Party will naturally approach us: Our present position is one of isolation with honor."

Nevertheless, when one observes the results of the elections for local assemblymen, it is not merely a "problem of the combination of political parties." The strength of the JSP itself has fallen.

The JSP is proclaiming its goal of securing "one million party members." The actual membership today is 43,000, smaller than that of the DSP. The reason why it has been able, even then, to maintain its position as the No. 1 opposition party is the backing of Sonyo. (General Council of Trade)

Unions of Japan).

But Sohyo itself is not quite as strong as it once was. About 4,500,000 workers are participating in Sohyo. Ten years ago this number was equivalent to approximately 45% of all the workers in Japan. Today the ratio has fallen to 38%.

On the other hand, Domei (Japanese Confederation of Labor), which supports the DSP, has a membership of 2,200,000, accounting for about 17% of all Japanese workers. At one time the ratio was 14%. In other words, in contrast to Sohyo, a 3% expansion has been carried out by Domei.

## Still Strong

Notwithstanding, Sohyo is still strong. The JSP is so dependent on it that it is said that there could be no JSP without Sohyo.

Up to now Sobyo has continued to maintain an attitude of "all-out support for the Japan Socialist Party." Objections were raised against this by JCP

members of Sohyo who have been demanding the "freedom, to support any political party."

A decision has been put off under the pretext that "the problem is under study" but it now seems likely that the signboard of "all-out support for the Japan Socialist Party" will be lowered at the next Sohyo national convention scheduled to be held in July.

It is generally said that the JSP "is dependent on Sohyo for both funds and votes." As a result, from 70 to 80 percent of the JSP Diet members in both Houses hail from labor unions under Sohyo's wing.

If Sohyo were to adopt the policy of the "freedom to support any political party," it will mean that Sohyo will be lending its formal support not only to the JSP but also to the Japan Communist Party.

If this happens, it will be a tremendous loss for the JSP. In particular, if the procedure of providing funds in a lump sum to the JSP is halted and if Sohyo starts to hand out funds directly to individual Diet members, Sohyo's influence over JSP Diet, members will be strengthened all the more.

Supposing that the JSP desires to recommend a certain person as a Diet member. If he is unacceptable to Sohyo and if Sohyo seeks to recommend another individual, Sohyo's choice is bound to prevail. Accordingly, the JSP's Diet members will show greater loyalty to Sohyo than to the JSP.

The labor unions under Sohyo's aegis include some like Tekkororen (Japanese Federation of Iron and Steel Workers Unions) which are actually closer to the DSP, but considerable strength is wielded by pro-JCP unions.

If "freedom to support any political party" is adopted by Sohyo, the labor unions under its wing will respectively support the party of their choice. In such a case, it is most likely that a considerable number of labor unions will support the JCP rather than the JSP.

Thus, if such a Sohyo movement becomes definite prior to the general election of the House of Representatives (widely forecast as taking place this autumn), the effect on the JSP will be disastrous.

## Confrontation

Meanwhile, a confrontation is still continuing within the JSP between the Shakai Shugi Kyokai faction and its opponents. In the areas where this confrontation is the most intense, this resulted in the decrease of seven JSP prefectural assemblymen in Chiba Prefecture and four in Fukushima.

Since the JSP has existed through dependence on Sohyo, a major change carried out by that stronghold will deal a fatal blow to the JSP. It will not be easy for Chairman Asukata and the JSP executive to ride out the approaching storm.

(The writer is an adviser to The Mainichi Newspapers and former chief editorial writer.)

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CSO: 4120

POLITICAL AND SOCIOLOGICAL

OKINAWA 'DISSATISFIED' SEVEN YEARS AFTER REVERSION

Tokyo ASAHI EVENING NEWS in English 16 May 79 p 2 OW

[ASAHI SHIMBUN 15 May editorial: "Okinawa Dissatisfied"]

[Text] Accidents happen far too regularly around the exercise ground of the U.S. Forces in the center of the Okinawa main island. Shell shrapnel and machine gun bullets fired in live-ammunition drills often whiz into homes located near the practice grounds. Fortunately, no one has been killed or wounded yet, but there is no wonder if casualties were reported now.

We say this because practice drills have increased recently and noctural training, which was rare in the past, is now conducted frequently under the eerie glow of flare bombs. If it is natural that training is conducted mainly for soldiers whose training is limited, we must say that it is also to be expected that the probability of accidents will rise with the increase in the frequency of training.

Meanwhile, there are no signs that the scale of the exercises engaged in by the U.S. Forces including those on Okinawa with the use of strategic weapons will diminish. Following the U.S.-South Korea joint maneuvers called "Team Spirit 79" in March this year, a sham battle called "Global Shield 79," which will mobilize a substantial portion of the air force in the U.S., is scheduled this summer. Reportedly, military aircraft from Kadena Base on Okinawa will also participate in this mock war. Okinawa is already a part of the "Global Shield."

So long as Okinawa is considered part of the U.S. "Global Shield," the people of Okinawa Prefecture have reason to feel worried and unhappy about the situation. Calling for the safeguarding of the war-renouncing constitution, civic organizations in the prefecture designated the period from May 3, which is constitution day, to May 15 as "Constitution Month" and their members dwelled on the value of peace. This was an unusual drive, but it showed that they were aware of the changes in the situation.

May 15 was the seventh anniversary of Okinawa's reversion to Japan. The figure seven, as in "Shichigosan" (a festival for children of three, five and seven years of age) and the expression "Lucky Seven," signifies a point from which a fresh start is made. "Ishi no ue no mo sannen" (literally "Sitting three years on a rock") is an old Japanese saying, the Western version of which is "Perseverance prevails" or "Perseverance brings success." However, in spite of the fact that Okinawa has continued to set for more than double the three years, the situation in Okinawa, seen in a broad perspective, has not turned for the better. Why is this so?

Searching for the causes, we find that most of them originate from American military bases. Supported by the Japan-U.S. security treaty, the creators of the causes appear calm, although they are aware how much of a burden the bases are on the people of the prefecture.

The residents are subject to a nearly continuous barrage of noise generated by Kadena Base. About 200 meters away from the base runway, noise exceeding 90 phons is generated an average of 81 times a day, with the maximum being 373 times. At times, the din reaches 120 phons. Soundproofing devices are useless and, of course, mothers cannot get their children to nap with so much noise invading their homes. People living near the base claim that two reople committed suicide as a result of nervous breakdowns caused by the din.

These figures were obtained by conducting a well-organized study and were just recently disclosed, but the fact is that this situation has undoubtedly existed since before the reversion of Okinawa to Japan. No hand has been extended to protect and give relief to these victims.

Fifty-three percent of the military bases in Japan are concentrated on Okinawa. In these bases are large gardens with beautiful green turf and houses occupying much space. The spaciousness of the bases contrasts sharply with the crowded conditions endured by the prefecture's citizens.

Okinawa has one drawback--It does not have sufficient water. Because of the bases, there is no land left to nurture secondary industries. Therefore, its people must depend on tertiary industries, such as the service industry, and public investments. So long as the prefecture is virtually denied the chance to develop strong secondary industries such as manufacturing, it will be plagued with unemployment. It should be no surprise that the rate of unemployment, with young people suffering the most from the scarcity of jobs, is triple that throughout the rest of Japan. Okinawa today is exactly the same as Okinawa seven years ago.

In last year's election for the prefectural governor, the people of the prefecture voted for the conservatives. By selecting a conservative governor in spite of the fact that they were conspicuously in favor of the reformist camp, the voters must have unmistakably expected some change in the situation. Although it is too premature to look for signs of such changes now, we would like to point out that we see much dissatisfaction among the people of the prefecture. We hope that the eighth year since the reversion will be one of hope.

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POLITICAL AND SOCIOLOGICAL

DIET DISSOLUTION THIS AUTUMN IS UNLIKELY

Tokyo MAINICHI DAILY NEWS in English 16 May 79 p 4

[NAGATACHO DOINGS column by Takehiko Takahashi: "Change in Theory of Diet Dissolution This Autumn"]

[Text]

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Nothing is more disagreeable for Diet members than a dissolution of the House of Representatives. When the Speaker of the House of Representatives unfastens a purple wrapper and reads aloud the formal document of dissolution, the Diet members stand en masse and shout "Banzal!" Their mental attitude at the time is as heroically tragic as that of soldiers departing for the battlefront.

There is no assurance that they will be returned in the forthcoming general election. According to past experience, approximately one-third of the incumbent Diet members fail in the general election that follows. No one is more nervous about a Diet dissolution than the Diet member himself.

The term of office of a member of the House of Representatives is for four years. It is rare, however, for a member to serve four full years. The last general election practically coincided with the time due for such an election after the passage of four years in office. This was because the

Miki administration of the time lacked the political strength to carry out a dissolution.

The term of office of the present members of the House of Representatives will not expire until early in December next year. According to past experience, it is common sense for a general election to be expected from three years after the previous election. This is the reason for the spread of rumors that "Prime Minister Ohira is thinking about a dissolution this autumn."

## Reasons

Recently, however, other rumors have started to circulate in the Nagatacho periphery that "a Diet dissolution this autumn is unlikely." The reasons being given for this view are as follows:

- 1. The different factions of the Liberal-Democratic Party have not yet completed the selection of candidates and the mean of obtaining election funds.
- 2. The Japan Socialist Party, now in the doldrums, is seeking to avoid a general election.

3. The Komeilo is finding it necessary to make inter-party adjustments following the retirement of Daisaku Ikeda as president of Sokd Gakkai.

When will a Diet dissolution take place? It is common sense in the political world that the administration in power will aim at the most advantageous time for itself. Even then, public opinion will be critical of an election that exposes strategy for party interests too brazenly. There is thus a need for some kind of tacit understanding between the LDP and the opposition parities. Since both JSP and the Komeito are desirous of avoiding a dissolution this autumn, it will be difficult for Prime Minister Ohira to ignore this and decide on a dissolution.

Besides, this autumn is not necessarily advantageous for the LDP either. Although one stage has been completed in the Grumman case as far as responsibility is concerned, the LDP's popularity has been alfocted. When the last general election was held following the outbreak of the Lockheed case, the numbrr of LDP Diet seats decreased. On the contrary, the New Liberal Club, which was formed by those critical fo the LDP, saw more candidates elected than had been expected. If a general election were to be held this autumn, there is a possibility of a similar

phenomenon occurring.

Another headache for the
LDP is the compilation of the
next fiscal year's budget.
Because a further issue of redink national bonds is best

avoided, the LDP has decided on the institution of a gcheral excise tax.

There is strong objection to a general excise tax even within the conservative ranks. Although institution of such a tax is a party decision, opposition to it is becoming brisk within the LDP also.

If a dissolution is take place this autumn, what is to be done about the excise tax must be made clear. Introduction of a new tax: at election time is disadvantageous. But if this is postponed, compilation of the next fiscal year's budget will strike a snag. Where to obtain revenue sources aside from this new tax will emerge as a fresh problem.

It is reported that the Fukuda faction and Nakasone faction expressing "opposition to a dissolution lacking justification." This might not be 100 percent correct. Former Prime Minister Takeo Fukuda is known to be saying, "it's earlier the better for a dissolution — but before that, a party reform should be carried out."

A "party reform" in this case includes the warning that "the secretary general should not come from the same faction as the party president." This is something with which Prime Minister Ohira cannot agree.

Under these circumstances, the theory of a "dissolution this autumn" seems to be undergoing considerable change. Will Prime Minister Ohira stake his political life on a dissolution? That is the problem.

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POLITICAL AND SOCIOLOGICAL

PAPER'S SPECIAL COLUMN SAYS U.S. SHOULD ALSO ACCEPT RESPONSIBILITY TO EASE TENSION

Tokyo NIHON KEIZAI SHIMBUN in Japanese 8 Apr 79 p 5

[Special Sunday Column: "Dear President Carter"]

[Text] Economic relations between Japan and the United States are again not going smoothly. That we are not getting along is, as usual, caused by Japan's trade surplus with the United States. It is not that we do not understand the impatience of the United States, but given the requests that come flying at us in rapid succession from the United States, there are many who are beginning to wonder "why is only Japan being attacked?" So we tried writing a letter to President Carter, with the intention of explaining Japan's position and at the same time seeking "self-help efforts" from the United States.

Dear President Catter. His Excellency the President. Although that is how you should probably be addressed formally, we understand that you dislike excessive formality, and so we hope that you will allow us to address you as Mr Carter.

"Economic friction" exists between Japan and the United States. Since you have had any number of letters from Prime Minister Ohira himself on this matter, we feel that you are well aware of the problem, but we hope that you will permit us to first report concerning a symbolic "incident" which tells something of the deep roots and severity of the problem.

This is something that happened quite recently when high officials from the Japanese Government were visiting Washington. They were suddenly hailed by Byrd (of West Virginia), a prominent congressian and Democratic floor leader of the Senate, who said:

"Since Japan has a surplus with the United States, why con't you buy more of the coal that is mined in my district?"

Concern that the Seat of Good Sense is Being Opportunistic

Although the Japanese high officials avoided the quick retort "because the price is rather high in comparison to Australian coal," this proposal had us doubting our own ears. Democratic floor leader of the Senate is the important congressional post formerly held by Mansfield, the U.S. Ambassador to Japan. Can it be that the United States is in such bad shape that a political figure with such power has to make a sham appeal while showing off the protectionist tendencies of Congress? High pro-American officials later said that even more than being exasperating, it was pitiful.

Mr Carter, please do not misunderstand. It is not that we are blaming Senator Byrd. It is that we are concerned about the increasing strength of the tendency, even in the American Congress which is the seat of good sense, to rashly thrust demands at Japan, "taking advantage" of the recent friction between Japan and the United States.

The U.S. Government, Congress and private citizens come to Japan one after the other and make all manner of demands. From the standpoint of we Japanese, we are baffled as to whom we should deal with first. And the United States' demands include many which are due to misunderstanding or to which we cannot respond. Although we recognize that there has been insufficient effort on Japan's part, there is no question that there are also things that the United States should do.

Although, in point of fact, these may be things which you will discuss with Prime Minister Ohira when he visits America in May, having acknowledged the indiscretion, we would like to take the following two problems for examples, to let you know about our way of thinking.

The first concerns the contrast between the "current balance theory" and the "basic balance theory." The United States maintains that, in the international balance of payments, the balance should be achieved by means of the current account, in which trade invisibles and the transfers balance are added to the trade balance from imports and exports. Japan thinks that because foreign aid and enterprises' foreign investment (long-term capital outflows = cause of deficit) are not included thereby, the balance should be achieved in basic balance, the total of the current account and the long-term capital balance.

The underpinning for American calls for maintaining a zero current account balance is probably that if they were to accept the Japanese theory of basic balance, however large the trade surplus became, all that would be needed would be for Japan to reexport the surplus as aid or as bank overseas funds.

Although in this instance the yen rate, as measured by the yardstick of "things," would certainly be higher, the actual rate, determined by a yardstick in which "money" trends are included, would on the contrary be lower. Would this then not mean that Japanese exports to the United States would go up ever more?

Although we feel that the American worries are reasonable, please consider it from the Japanese standpoint. As far as economic security goes, foreign ties are important for Japan, which is not rich in resources like the United States. When requests for aid or credit come in from abroad, it is impossible to refuse, and moreover the American Government has on numerous occasions in the past requested that Japan expand its aid. For this reason, we are compelled to make up the minimum necessary aid or export capital resources by means of trade surplus. We hope you will not fail to understand this point.

### Please Spare the Forceful Measures

Although we are having to repeat outselves, America's efforts have also not been sufficient. Although it is a matter of course that Japan should open her closed markets and strive to increase imports, we hear that even though U.S. firms quote ex-factory prices, in many instances FOB prices are not quoted, and this should be a matter of course for export enterprises. Although West Germany's Volkswagen company is making right-hand-drive automobiles for Japan, American automobiles are still left-hand-drive as always.

The share of the import of large electric refrigerators to Japan which so pleased the United States at one time iş gradually falling. There has been an increase in goods produced by developing countries to take their place, but there are some who say that this was because of a lack of creative measures on the part of American enterprises.

We read the "Jones Report" with interest, but when the above points are considered together with it, we get the feeling that the responsibility for the imbalance in trade rests with both Japan and the United States, and to criticize Japan alone is being one-sided.

The second point that bothers us is the attitude shown by the American side in the negotiations between Japan and the United States. For example, a case in point is the recent "government procurement" problem involving Nippon Telegraph and Telephone Public Corporation, etc.

What Ushiba, the government representative in charge of the Tokyo round, expressed to the American side was Japan's rock bottom proposal. The fact that Strauss, the American president's special trade representative, dismissed it by saying, "This doesn't even provide a basis for discussion" is a problem as far as Oriental manners go.

If we put a favorable construction on it, perhaps the reason that representative Strauss dared to adopt a highhanded attitude was to win over the American Congress, which has strong protectionist tendencies. However, both the Carter government and the Ohira government are weak in the legislature, and they are also alike in that neither government will be moved by outside pressure. Open diplomacy is certainly better than secret diplomacy, yet how would it be if we ended up making trivial matters into unnecessarily enormous political problems?

In this sense, we think that Mr Strauss' heavy-handed methods, if only because they go against the grain of Japan's national sentiments, are not in keeping with the "productive partnership" you [plural] espouse for Japan and the United States.

"The stronger the interdependence of the countries of the world becomes, the more the interests and contentions of each country will come into conflict"—This is one theory in a book by your current influential brain Owen, presidential special representative to the Tokyo summit, written while he was with the Brookings Institution.

The expression 'interdependence' sounds pleasing to the ears, and behind it is the implication that because of the lowering of foreign and domestic fences, friction will frequently occur. And for just this reason, it is necessary for everyone to be even more careful from here on.

Avoiding "Second England"

With that, having put Japan aside and dwelt so long above in refuting the United States, we feel that we must not forget the structural facet or the historical aspects of the economic friction among Japan, the United States, the EC (European Community), and the developing countries as well.

With the decline of England, which was at one time the "factory of the world," America stepped in. Subsequently West Germany and Japan came to the fore, and then the developing countries began to push their way up. The alternation in roles whereby developed countries, which had manufactured "things," become capital exporting countries which supply "money," is the great stream of history.

England's precipitate weakening in economic power, although partly due to the misfortune of being embroiled in two major wars, was also partly because they only made foreign investments while slighting domestic investments.

Probably because they recalled such historical lessons, the "Benson Report" as it is commonly known, released in the middle of March by the U.S. Senate and House Joint Economic Committee, advised you that the way to cure America's serious illnesses of growth, inflation, unemployment and a foreign exchange deficit, is to raise productivity in the United States, which is relatively inferior in comparison to Japan and Europe.

In sum, if you neglect domestic investments or efforts at raising productivity, you will be up against hostile criticism. Still, we will simply "warn" that such a restoration will take a great deal of time and money and leave it at that. We think that the members of the House and the Senate have been on the right track all along concerning that.

Pain will accompany the adjustment of economic friction. If both sides are stubborn and refuse to give even a drop of blood, the discussions will make

no progress. In what way will Japanese-U.S. relations enter the 80's? In what spheres can Japan and the United States contribute their joint efforts and wisdom? On what points can there be no concessions? These are the questions which not only the people of America and Japan, but friends around the world also, are waiting to see discussed calmy and thoroughly by Mr Carter and Mr Ohira at the May summit.

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ECONOMIC

JAPAN'S FOREIGN COAL STRATEGY RUNS AFOUL OF OIL MAJORS

Tokyo NIHON KEIZAI SHIMBUN in Japanese 8 Apr 79 p 6

[Text] Coal, having long played the role of a supporting actor on the energy scene, has recently leaped into the energy limelight. The International Energy Agency (IEA) will adopt measures for increasing the use of coal at its ministerial conference to be held in Paris the last of May. In concert with this, the Japanese electric power industry has begun a joint study on constructing steam power plants using foreign coal for fuel, and coal companies such as Mitsui Mining Company are actively making inroads abroad. Taking a lesson from Japan's buffetings from the pricing and supply policies of the major oil companies and the oil-producing countries, the strategy is to secure a voice in matters by direct investment in coal development. On the other hand, the oil majors scurried to acquire world coal resources immediately after the oil crisis in the fall of 1973, nearly monopolizing rights to the best coal fields and use of shipping ports, and now they are trying to sell their coal to Japan's electric industry. Right away, many perceive the majors offer as an ill omen and fear a "second dance" with them like that with oil.

### Coal Power Generation Plans

Japan now has 37 coal-powered generation plants with a total output of 4,436,000 kilowatts of power. There are seven more plants under construction or in the planning stages with a additional output of 5,075,000 kilowatts. By March 1985 Japan's total output will be approximately 9,500,000 kilowatts. At that time, coal-generated power will make up only around 5.4 percent of Japan's total output. Nuclear power plants, which already produce over 10 million kilowatts, will be producing 20.6 million kilowatts, or 14.8 percent of Japan's total. Coal also compares unfavorably with oil-powered steam plants, which produce about 40 percent of the total output.

However, the recent oil shortages resulting from the crisis in Iran, and the IEA's recommendations promoting conversion to coal, have sharply changed the previous cool attitudes of power companies towards coal. First, the Tokyo Electric Power Company, which now uses hardly any coal.

announced the goal of conversion to coal by 1988, and began construction on a new 2 million kilowatt coal-powered steam generating plant. Other power companies such as Kansai Electric and Kyushu Electric all followed suit with policies of "new coal generation plants."

Although the power companies have not abandoned their previous belief that atomic power is the "track favorite" to replace oil-powered generation in spite of the nuclear scare at the Three Mile Island plant in the United States, they feel there is no way to avoid increased difficulties in finding sites for atomic plants. Accordingly, they will be forced to change generation plans in at least that area, with no choice but to lean towards coal-powered electric power.

The ones undermining this type of "self-confidence" on the part of Japan's power companies are none other than the major oil companies. First, the end of last year British Petroleum (BP), along with Compagnie Francaise des Petroles, succeeded in selling South African coal to the Electric Power Development Company (Denhatsu), and Royal Dutch Shell also made an offer of a long-term contract to Kyushu Electric Company for power development.

In response to these moves, notwithstanding having power plants now under construction, and in spite of general reliance on imports of this nature, the power companies' policies are to participate in development and importation of the coal for these new plants themselves. This is because they want to avoid being subject to the unilateral whims of supplers, and to insure a stable supply of energy resources.

The nine power companies, including Tokyo Electric, began studying the idea of establishing a joint development and import company with some company highly experienced in coal power generation. However, just the fact that a coal steam plant of 1 million kilowatt size would require a single mine to produce 2.3 million tons of coal a year shows that this is not simply a matter of "developing and importing."

Early Setback in Australia

In regard to this, there are indications that Japan is already too late. An excellent example is the "coal wars" that occurred in Australia last year about the same time as the crisis in Iran.

Since 1974, oil majors such as Shell, Exxon, and BP started investigating coal resources in Australia through local corporations, and in the fall of last year they all at once moved to acquire mining rights and capitalization rights there. As a result, more than five coal mines with whom Japan's trading companies and power companies were negotiating were "usurped" by the majors. The majors even went so far as to purchase usage rights to the harbor facilities necessary for shipping coal from Australia and South Africa, and so no matter how many mines latter groups develop they will be unable to move their coal.

The company most strongly affected by this "war" was Denhatsu. They had been negotiating with "Bureasorru" coal mines, the largest in Australia with a potential yearly output of 10 million tons, on a 30 percent capital participation basis, but the huge oil company Atlantic Richfield (ARCO) beat them to the punch with its greater financial strength, and purchased 38 percent. Denhatsu was upset, and attempted to renegotiate with ARCO for local participation, but ARCO has not shown any interest.

Superior Japanese Coal Mining Technology

Amongst all this, Japan's only salvation has been the advances made in underground coal mining technology the past several decades.

The backbone of the Japanese coal industry, the Taiheiyo Coal Mining Co., Ltd. (headquartered in Tokyo, president Mr Masao Fujimori, assets of 300 million yen), in April of last year made a basic contract with the New Wales electric power agency for joint development of their coal resources. This opportunity arose because the power agency was highly impressed with Taiheiyo's coal mining technology. The other large coal companies—Mitsui Mining Co. Ltd., Sumitomo Coal Mining Ltd., and Mitsubishi Mining and Cement Co., Ltd.—are also following Taiheiyo's lead in looking for major coal development projects.

The success or failure of developing and importing foreign coal is said to hold the key to the revitalization of Japan's coal industry. However, in the past 2 or 3 years there has been a slump in coal domestically, with many companies in the red, and so they are in a situation where they are "unable to venture abroad until the fires at home are put out." Therefore, many leaders in the coal industry are saying that for the time being they must "exercise patience, improve management, and work at upgrading efficiency."

In the current situation it is easy to postpone confrontation. However, many people are worried that "if this is done, coal will be taken over by the majors as was oil, and Japan will fall into a 'coal crisis' in a like manner."

## World Energy Resources

Units:	Converted to 1 billion tons of coal (economically recoverable amounts)	Number of years of supply remaining at current production levels
Coal	636	235
011	135	30
Natural Gas	85	48
Uranium	65	90*

(Based on Royal Dutch Shell sources)
\* Estimation based on present nuclear generating capacity and technology.

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ECONOMIC

#### BRIEFS

MITI POLICY--The Ministry of International Trade and Industry, as a preliminary to starting on compiling the JFY 1980 draft budget, has settled on its new basic policy orientation. The five major points to be observed are:

1. promotion of comprehensive energy countermeasures; 2. formation of stable international economic relations; 3. elaboration of a new industrial structure policy; 4. promotion of attractive local communities; 5. establishment of a leading technology development system. [Tokyo NIKKAN KOGYO SHIMBUN in Japanese 12 May 79 p 1]

LSI MASS PRODUCTION--Kyushu Nippon Denki, NEC's LSI plant, is going to 3-shift operation at its Kumamoto-shi plant and is hiring retired SDF personnel plus part-timers for night work, NEC is also opening an LSI line at its Sagamihara plant and plans a second LSI plant for Kyushu Nippon Denki. Overseas expansion will involve NEC Ireland and Electronics Aries subsidiaries. Mitsubishi Electric will increase production of MOS LSI's at its Kumamoto plant. Fujitsu will beef up its Kogashima plant (Kagoshima Fujitsu), and Sharp will build a third semiconductor plant within its Tenri plant. New 64 Kilobit LSI mass production lines will be set up by Toshiba in its Kawasaki transistor plant, by Mitsubishi Electric in its Kitaitami plant, by Fujitsu in its Aizu plant and by NEC in its Sagamihara plant, Semiconductor division plant and equipment investment plans by major firms-firm name, JFY 1979 amount planned (billion yen), JFY 1978 amount invested; parenthesis enclose semiconductor division investment as a percentage of total p&e investment--are: NEC 22 (57 percent), 15.5 (55 percent); Toshiba 6 (16 percent), 6 (16 percent); Hitachi 11.5 (22 percent), 10 (19 percent); Mitsubishi Electric 8 (36 percent), 6 (27 percent); Fujitsu 8 (30 percent); 8 (30 percent); Tokyo Sanyo Denki 4.3 (33 percent), 2 (18 percent); Sharp 8.5 (34 percent), 4.5 (25 percent); Oki Electric Industries 4.2 (46 percent), 3.2 (39 percent), and Matsushita Electronics Industries 8 (80 percent), 4 (50 percent). [Tokyo NIHON KEIZAI SHIMBUN in Japanese 5 May 79 p 7]

FUJITSU SOFTWARE SUBSIDIARY—Fujitsu Ltd has set up a wholly-owned subsidiary Fujitsu Daiichi Systems Engineering manned by 200 personnel drawn from Fujitsu and three dealers in FACOM products. The firm will focus on development and sale of applications programs for medium and small computers and office computers. This move is aimed at advancing unbundling. [Tokyo NIKKEI ELECTRONICS in Japanese 30 Apr 79 p 195]

DESK-TOP LASER PRINTER--Cannon has started sale of a semiconductor laser-type desk-top printer suitable for use with office computers or word processors. Printing speed is 880 lines per minute. Plans are for production of 200 units a month for sale at 1.95 million yen each. [Tokyo NIKKEI ELECTRONICS in Japanese 30 Apr 79 p 195]

INDUSTRIAL ROBOTS--The Ministry of International Trade and Industry has decided on setting up an "Industrial Robot Lease Cooperative" to promote use of industrial robots by leasing them to medium and small businesses. The Cooperative would obtain funds from the Japan Development Bank at low interest and from joint government-private contribution. The Ministry of Finance and the industry are busy ironing out details on the funding, etc. [Tokyo NIKKAN KOGYO SHIMBUN in Japanese 8 May 79 p 1]

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SCIENCE AND TECHNOLOGY

#### BRIEFS

GALLIUM ARSENIDE ELEMENT--NTT's Musashino Electrocommunications Lab has test-manufactured a "normally off" GaAs MES FET element with gate propagation delay 77 picosecond at room temperature (power dissipation 977 microwatt) and 51 picosecond when cooled by liquid nitrogen (power dissipation 1.9 milliwatt). The lab plans to introduce planar and ion injection technology to the manufacturing process to increase the integration density of those logic circuits. [Tokyo NIKKAN KOGYO SHIMBUN in Japanese 3 May 79 p 12]

MULTILAYER AMORPHOUS SOLAR CELL--Professor Hamagawa, Faculty of Basic Engineering, Osaka University, has developed an amorphous silicon multi-layer thin film high voltage solar cell providing 1.4 volts (two layers) to 4.5 volts (10 layers). Wide application in consumer goods is rected, and use as a substitute for mercury batteries for wrist watches and calculators is specifically mentioned. [Tokyo NIKKAN KOGYO SHIMBUN in Japanese 8 May 79 p 5]

MACHINE TOOL DEVELOPMENT--Okuma Machinery has set up a project team and intends to move into development of machine tools for the aircraft industry. Information gathering on hardware and software has started, upon completion of this first phase the team will be expanded and technology development will start, and development should be completed within 3 years. [Tokyo NIKKAN KOGYO SHIMBUN in Japanese 5 May 79 p 6]

ELECTRIC VEHICLE LEASE--The Japan Electric Vehicle Association has decided to lease 70 electric vehicles during JFY 1979 at a price on line with gasoline vehicle lease, and start collecting data on use of the vehicles. This will be the first substantive project for the association, which was founded in JFY 1979. [Tokyo NIKKAN KOGYO SHIMBUN in Japanese 24 Apr 79 p 3]

HYDROGEN IODIDE--The Agency of Industrial Science & Technology has developed a two-reaction process yielding 90 percent recovery of hydrogen from hydrogen iodide. Applications are in combination with a hydrogen production cycle breaking down water with use of magnesium oxide and iodine and in recovering hydrogen and sulfur from the HS<sub>2</sub> resulting from desulfurizing oil and coal. The process involves heating mixed hydrogen iodide and benzene to 150°C in the presence of Ru particle catalyst on teflon yielding iodine plus a mixture that is condensed and transferred into a tank of cyclohexane heated to 300-400°C where hydrogen is liberated with the aid of Pt or Cr<sub>2</sub>O<sub>3</sub> catalyst and benzene is recovered for reuse by remixing with hydrogen iodide. When recovering H and S from HS<sub>2</sub>, first HS<sub>2</sub> is reacted with I to form hydrogen iodide and the process then proceeds as above, with iodine recycled to react with more HS<sub>2</sub>. [Tokyo NIKKAN KOGYO SHIMBUN in Japanese 1 May 79 p 6]

SATELLITE FAILURE—Failure of the ECS geostationary satellite launched in February 1979 is attributed to failure of the yaw weight to deploy properly, leading to collision between the third stage and the payload. The yaw weight assembly, built by McDonnell Douglas, is not considered at fault in so far as the mechanism goes, but malfunction is presumed to result from improper manufacture or assembly by McDonnell Douglas compounded by lack of adequate testing or inspection by Japanese. Recommendations are for assembly of the package in Japan and much tighter quality control, extending to thorough review even of parts of proven reliability. The post-mortem on the failure also disclosed that third-stage residual thrust had been underestimated, in itself no great problem if the yaw weight works properly but something that could be corrected to lessen the chance of third-stage—payload collision. [Tokyo NIKKAN KOGYO SHIMBUN in Japanese 14 May 79 p 3]

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END